

EXCEPTIONS
OPEN MEETING AGENDA ITEM

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

BOB BURNS, Chairman
BOYD W. DUNN
SANDRA KENNEDY
JUSTIN OLSON
LEA MÁRQUEZ PETERSON

IN THE MATTER OF POSSIBLE
MODIFICATIONS TO THE ARIZONA
CORPORATION COMMISSION'S ENERGY
RULES.

Docket No. RU-00000A-18-0284

**GRAND CANYON STATE
ELECTRIC COOPERATIVE
ASSOCIATION, INC.'S
COMMENTS ON EMISSION-
BASED STANDARDS**

Grand Canyon State Electric Cooperative Association, Inc. ("GCSECA"), on behalf of its electric cooperative members (the "Cooperatives"),¹ submits the following comments regarding the energy rules currently under consideration by the Commission, and specifically the recent proposals regarding emission-based standards. As explained below, emission-based standards are not feasible for the distribution cooperatives because they do not own or control the underlying generation. However, GCSECA understands the Commission's rationale for applying such standards to vertically integrated electric utilities within the Commission's jurisdiction, and, therefore, is proposing language to address the Cooperatives' unique situation.

I. Emission-Based Standards are not Feasible for Distribution Cooperatives.

As the Commission is aware, the Cooperatives subject to the proposed rules include six distribution cooperatives that serve their member/owners at retail. Distribution cooperatives

¹ GCSECA's members include the following generation, transmission, and distribution cooperatives: Arizona Electric Power Cooperative, Inc.; Duncan Valley Electric Cooperative, Inc.; Graham County Electric Cooperative, Inc.; Mohave Electric Cooperative, Inc.; Navopache Electric Cooperative, Inc.; Sulphur Springs Valley Electric Cooperative, Inc.; and Trico Electric Cooperative, Inc.

1 receive the majority of the power they supply to their members through long-term purchase
2 agreements with and market purchases from third-party entities. They do not own or control the
3 underlying generation. For that reason, distribution cooperatives are significantly limited in their
4 ability to establish baseline carbon emissions or to track and verify the carbon emissions from
5 the resources their wholesale suppliers use to fulfill the long-term power purchase agreements.
6 In fact, the distribution cooperatives' existing long-term purchase agreements were entered into
7 in the context of the existing REST rules, and therefore do not address carbon emissions.

8 On the other hand, distribution cooperatives can and do control the amount of renewable
9 and clean energy resources and programs they utilize to serve their retail member/owners. Under
10 the Commission's current REST rules, the distribution cooperatives have successfully worked
11 with the Commission to establish appropriate programs for the expansion of renewable energy as
12 reflected in their agreements with wholesale suppliers. Accordingly, a resource-based rule –
13 coupled with a provision providing the Cooperatives proper and necessary flexibility – provides
14 a more feasible option for the Cooperatives to further the Commission's clean and renewable
15 energy goals.

16 In keeping with the flexible provisions proposed by the Commission's Utilities Division
17 Staff ("Staff") and the Commissioner amendments supporting additional changes and
18 clarifications thereto, GCSECA hereby proposes the following additional revisions to proposed
19 rule R14-2-2717(B):

20 **R14-2-2717. Cooperatives**

21 B. Upon Commission Approval of a distribution cCooperative's Clean
22 Energy Implementation Plan describing the Cooperative's existing and planned
23 clean and renewable energy resources and programs utilized to meet the
24 Cooperative's retail load, the provisions of the Clean Energy Implementation Plan

1 shall substitute for the requirements set forth in this Article~~subsection R14-2-~~
2 ~~2705(B)~~.

3 These proposed revisions are intended to confirm that the distribution cooperatives will continue
4 to work with the Commission toward the articulated clean and renewable energy goals, but do so
5 in a manner that provides flexibility and accommodates the unique position of the distribution
6 cooperatives.²

7 **II. The Cooperatives Support the Docketing of a Revised Version of the Rules.**

8 GCSECA and the Cooperatives have and will continue to actively participate in the
9 Commission's efforts to revise its energy rules. Currently pending before the Commission are a
10 number of amendments that could impact the Cooperatives as well as the intended scope and
11 effect of proposed rule R14-2-2717. It is GCSECA's understanding that – following the
12 conclusion of the Commission's vote on the various amendments – Staff will prepare and docket
13 a revised draft of the complete set of rules, which will then be open for review and comment by
14 all interested parties. GCSECA supports this anticipated process and, based on the content of the
15 revised version, may file additional comments and proposed amendments.

16 **III. Conclusion.**

17 In connection with the Commission's next Open Meeting discussion of the energy rules,
18 and specifically the proposed emission-based standards, the Cooperatives respectfully request
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20

21 ² GCSECA's proposed revisions clarify that the Clean Energy Implementation Plan requirement (like the current
22 REST rules) only applies to distribution cooperatives, whereas the IRP or Resource Planning provisions of the
23 energy rules apply to Load-Serving Cooperatives. The revisions to proposed subsection B also include a slight
24 change in terminology to create consistency with the language in Staff's proposed subsection D, such that
Commission approval of a distribution cooperative's Clean Energy Implementation Plan or a Load-Serving
Cooperative's IRP/Resource Plan will substitute for the requirements set forth in "this Article."

1 that the Commission approve the revisions to R14-2-2717(B) shown in the attached GCSECA
2 Proposed Amendment.

3 RESPECTFULLY SUBMITTED this 26th day of October, 2020.

4 GALLAGHER & KENNEDY, P.A.

5 By 

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10 ORIGINAL of the foregoing eFiled
11 with Docket Control via ACC Portal
12 this 26th day of October, 2020.

13 COPY of the foregoing emailed this
14 26th day of October, 2020, to:

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GCSECA PROPOSED AMENDMENT NO. 4

DATE PREPARED: October 26, 2020

COMPANY: Grand Canyon State Electric Cooperative Association, Inc.

DOCKET NO.: RU-00000A-18-0284

OPEN MEETING DATE: October 29, 2020

The purpose of this amendment is to continue to apply a resource-based approach to Arizona's distribution cooperatives – instead of an emission-based standard – given the unique position of the distribution cooperatives as non-vertically integrated utilities. Pursuant to this amendment, distribution cooperatives will file Clean Energy Implementations Plans for Commission review and approval, but instead of including information regarding carbon emissions (which distribution cooperatives cannot control), their plans will discuss meeting the Commission's energy goals through the distribution cooperatives' clean and renewable energy purchases and programs.

Appendix A, page 76, R14-2-2717(B)

DELETE

Upon Commission Approval of a Cooperative's Clean Energy Implementation Plan, the provisions of the Clean Energy Implementation Plan shall substitute for the requirements set forth in subsection R14-2-2705(B).

INSERT

Upon Commission Approval of a distribution cooperative's Clean Energy Implementation Plan describing the Cooperative's existing and planned clean and renewable energy resources and

programs utilized to meet the Cooperative's retail load, the provisions of the Clean Energy Implementation Plan shall substitute for the requirements set forth in this Article.

MAKE ALL CONFORMING CHANGES